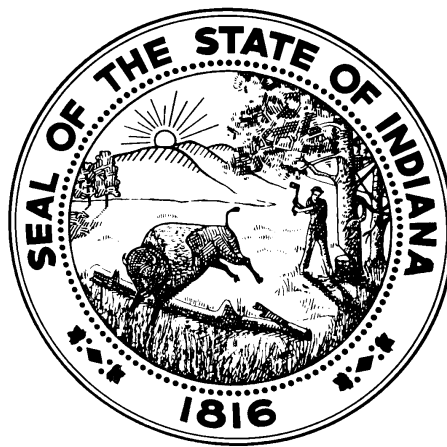


**STATE BOARD OF ACCOUNTS  
302 West Washington Street  
Room E418  
INDIANAPOLIS, INDIANA 46204-2769**

EXAMINATION REPORT  
OF  
CLARK-FLOYD COUNTIES CONVENTION AND TOURISM BUREAU  
CLARK COUNTY, INDIANA  
January 1, 2006 to December 31, 2007



**FILED**  
01/30/2009



## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials .....	2
Independent Accountant's Report.....	3
Financial Information:	
Schedules of Receipts, Disbursements, and Cash and Investment Balances .....	4
Notes to Financial Information .....	5
Supplementary Information:	
Schedule of Long-Term Debt .....	6
Examination Results and Comments:	
Annual Financial Reports .....	7
Bank Account Reconciliations .....	7-8
Adjustments to Cash Balance .....	8-9
Approval of Forms .....	9
No Subsidiary Ledger for Payroll Fund .....	9-10
Treasurer Not Signing Checks .....	10
Contracts .....	10
Federal and State Agencies – Compliance Requirements .....	10
Sales Tax.....	10
Exit Conference.....	11

## OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Executive Director	James Keith	01-01-06 to 12-31-09
Treasurer	William Stewart	01-01-06 to 12-31-08
President of the Board	Doug England Carl Holliday James Becker	01-01-06 to 12-31-06 01-01-07 to 12-31-07 01-01-08 to 12-31-08



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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**INDEPENDENT ACCOUNTANT'S REPORT**

**TO: THE OFFICIALS OF CLARK-FLOYD COUNTIES CONVENTION  
AND TOURISM BUREAU, CLARK COUNTY, INDIANA**

We have examined the financial information presented herein of Clark-Floyd Counties Convention and Tourism Bureau (Tourism Bureau), for the period of January 1, 2006 to December 31, 2007. The Tourism Bureau's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial information presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the Tourism Bureau for the years ended December 31, 2006 and 2007, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Long-Term Debt, as listed in the Table of Contents, is presented for additional analysis and is not a required part of the basic financial information. It has not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on it.

**STATE BOARD OF ACCOUNTS**

December 23, 2008

CLARK-FLOYD COUNTIES CONVENTION AND TOURISM BUREAU  
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES  
As Of And For The Years Ended December 31, 2006 And 2007

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
General	\$ 749,907	\$ 881,776	\$ 849,930	\$ 781,753
Convention Services	3,243	25	704	2,564
Capital Development	673,073	295,693	190,274	778,492
Fiduciary Fund:				
Payroll	-	456,502	445,377	11,125
Totals	<u>\$ 1,426,223</u>	<u>\$ 1,633,996</u>	<u>\$ 1,486,285</u>	<u>\$ 1,573,934</u>

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
General	\$ 781,753	\$ 928,770	\$ 811,426	\$ 899,097
Convention Services	2,564	18	-	2,582
Capital Development	778,492	308,721	239,280	847,933
Fiduciary Fund:				
Payroll	11,125	489,015	483,353	16,787
Totals	<u>\$ 1,573,934</u>	<u>\$ 1,726,524</u>	<u>\$ 1,534,059</u>	<u>\$ 1,766,399</u>

The accompanying notes are an integral part of the financial information.

CLARK-FLOYD COUNTIES CONVENTION AND TOURISM BUREAU  
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The Tourism Bureau was established under the laws of the State of Indiana. The Bureau operates under a board appointed by the City of New Albany, City of Jeffersonville, Town of Clarksville, Clark County and Floyd County. The Bureau provides services to attract conventions and tourism in Clark and Floyd Counties.

Note 2. Fund Accounting

The Tourism Bureau uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

State statutes do not require the Tourism Bureau to adopt a formal budget.

Note 4. Innkeeper's Taxes

Innkeeper's taxes are collected by the State of Indiana and are remitted to the Treasurer's of Clark and Floyd Counties. The Counties remit the innkeeper's tax collections monthly to the Tourism Bureau. The innkeeper's tax is set by state statute at a rate of four percent of gross retail income derived from lodging income.

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statute (IC 5-13-9) authorizes the Tourism Bureau to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 6. Subsequent Event

The Board approved resolutions on September 17, 2008, committing capital development tourism funds for three projects as follows:

- (1) \$400,000 for City of New Albany to improve softball fields and tennis courts at IUS and the riverfront bank shell.
- (2) \$200,000 for the Town of Clarksville for the interpretive center.
- (3) \$260,000 for the City of Jeffersonville for the Howard Steamboat Museum and for access to Big 4 Bridge.

CLARK-FLOYD COUNTIES CONVENTION AND TOURISM BUREAU  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF LONG-TERM DEBT  
December 31, 2007

The Bureau has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Revenue bonds:		
2002 Town of Clarksville	\$ 307,768	\$ 72,794
2003 City of Jeffersonville	214,741	42,762
2003 City of New Albany	297,277	59,208
2006 City of New Albany	<u>222,320</u>	<u>64,516</u>
Total governmental activities debt	<u>\$ 1,042,106</u>	<u>\$ 239,280</u>



CLARK-FLOYD COUNTIES CONVENTION AND TOURISM BUREAU  
EXAMINATION RESULTS AND COMMENTS

ANNUAL FINANCIAL REPORTS

Annual financial reports for the years 2006 and 2007 were not complete and were not filed with the State Board of Accounts as described below:

1. The Tourism Bureau includes financial information in an annual report they prepare. However, the financial information did not report the beginning and ending cash and investment balances of the General Fund and omitted the financial activity and cash and investment balances of the Convention Services Fund and the Payroll Fund.
2. The Tourism Bureau did not use prescribed form Annual Financial Report (Form 15) to prepare its financial report and no annual financial report was filed with the State Examiner.

Indiana Code 5-11-1-4(a) concerning annual financial reports, states in part: ". . . these reports shall be prepared, verified, and filed with the state examiner within thirty (30) days after the close of each fiscal year."

Indiana Code 5-11-1-6 states in part: "The state board of accounts shall formulate, prescribe, and approve the forms for reports required to be made by this chapter. . . ."

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

A similar comment was made in the prior Report B28270.

BANK ACCOUNT RECONCILIATIONS

The Tourism Bureau's computerized accounting system has a bank reconciliation program. However, the bank reconciliation generated by the program was not verified by the Bookkeeper or Treasurer. The Tourism Bureau maintains a separate bank account for its General Fund. The General Fund consists of several subaccounts. A comparison of the General Fund's bank reconciliation cash balance and the General Fund ledger cash balances at December 31, 2007, shows a "cash necessary to balance" in the amount of \$1,052.50 as presented in the following schedule:

<u>General Fund Subaccounts</u>	<u>General Fund</u>		
	<u>Ledger Balance</u>	<u>Bank Reconciliation Balance</u>	<u>Cash Necessary to Balance</u>
Operating	\$ 680,929.50	\$ 679,877.00	\$ (1,052.50)
Capital Savings	207,681.90	207,681.90	-
Southern Indiana Tourism	185.20	185.20	-
Advance to Payroll Account	10,000.00	10,000.00	-
Petty Cash	300.00	300.00	-
Total General Fund	<u>\$ 899,096.60</u>	<u>\$ 898,044.10</u>	<u>\$ (1,052.50)</u>

CLARK-FLOYD COUNTIES CONVENTION AND TOURISM BUREAU  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

A similar comment regarding bank reconciliations was presented in prior Report B28270.

ADJUSTMENTS TO CASH BALANCE

We identified the following adjustments being made to cash balances in the ledger:

1. The Operating Account's cash balance at January 1, 2006, was \$35,208.72 greater than the cash balance recorded on the ledger at December 31, 2005. The Payroll Account's cash balance at January 1, 2006, was \$35,208.72 less than the cash balance recorded on the ledger at January 1, 2006.

The adjustment was made directly to the cash balance of the respective ledger accounts rather than writing a check and receipt to make a correcting entry or by making an identifiable adjusting entry to the records. No supporting documentation was presented for examination identifying the specific errors supporting the adjusting entries made.

2. The following identifiable adjustments were recorded on the ledger:

<u>Fund</u>	<u>Date</u>	<u>Increase (Decrease) in Cash Balance</u>
Payroll Account	01-31-06	\$ (99,071.67)
Operating Account	01-31-06	21,322.95
Operating Account	03-15-07	<u>77,430.60</u>
Unidentified Variance		<u>\$ (318.12)</u>

No supporting documentation was presented for examination identifying the specific errors supporting the adjusting entries made. No documentation was presented for examination explaining why there was an unidentified variance between adjustments made to the Payroll Account cash balance and the Operating Account cash balance.

3. A ledger memorandum entry on March 15, 2007, showed the following adjustments were made to correct for remittance of payroll withholdings paid in error in the year 2006 from the Operating Account:

CLARK-FLOYD COUNTIES CONVENTION AND TOURISM BUREAU  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

<u>Fund</u>	<u>Increase (Decrease) in Cash Balance</u>
Payroll Account	\$ (99,117.10)
Operating Account	<u>99,117.10</u>
Net Adjustment	<u>\$ -</u>

No documentation was presented for examination showing the specific payments made in error to support the amount of the adjustment.

Receipt and disbursement corrections or other errors should be corrected by memorandum entry with the issuance of a check and receipt to document the flow of the transactions. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

APPROVAL OF FORMS

Financial activity and cash balances are recorded on the Tourism Bureau's ledger by bank account and not by fund. Tourism Bureau had six (6) bank accounts and four (4) funds as of December 31, 2007. The Annual Financial Report (See Examination Result and Comment titled Annual Financial Reports) requires financial activity to be reported by fund.

The forms generated by the Tourism Bureau's computer system have not been approved by the State Board of Accounts for use in lieu of prescribed Form 358 (Ledger of Receipts, Disbursements and Balances) and Form 359 (Ledger of Appropriations, Encumbrances, Disbursements and Balances).

In addition, the form generated by the Tourism Bureau's payroll system in lieu of Form 99B (Employee's Earnings Record) has not been approved by the State Board of Accounts.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

NO SUBSIDIARY LEDGER FOR PAYROLL FUND

The Payroll Fund is used as a clearing account to account for the transfer of gross payroll from the Operating Account and the payment of net payroll and various payroll withholdings. A subsidiary ledger or other detailed record should be maintained identifying at any point in time amounts held on behalf of specific entities such as the Internal Revenue Service and the Indiana Department of Revenue. The Payroll Fund had a cash balance in the amount \$16,787 at December 31, 2007. No subsidiary payroll ledger or other record was maintained identifying the amounts owed to or held in behalf of specific entities.

CLARK-FLOYD COUNTIES CONVENTION AND TOURISM BUREAU  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

TREASURER NOT SIGNING CHECKS

We identified several instances where the Treasurer was not signing checks and the only check signer was James Keith, Executive Director.

Article 7, Section 3 of the Tourism Bureau's By-Laws states in part the following: ". . . Funds may be drawn only upon signature of the Treasurer and one duly elected officer or the Treasurer and the Executive Director. . . . In case of the absence or disability of the Treasurer, the President and Secretary may, together, appoint a Treasurer pro-tem. . . ."

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

CONTRACTS

Payments were made for legal services, lawn care services and janitorial services without a written contract.

Payments made or received for contractual services should be supported by a written contract. Each governmental unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS

The Tourism Bureau did not report amounts paid for contractual services (See Examination Result and Comment titled "Contracts") on Internal Revenue Service Form 1099 MISC.

Each governmental unit is responsible for compliance with all rules, regulations, guidelines, and directives of the Internal Revenue Service and the Indiana Department of Revenue. All questions concerning taxes should be directed to these agencies. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

SALES TAX

Sales tax was paid on twenty percent (20%) of vendor disbursements we examined representing one percent (1%) of the dollar value of disbursements we examined.

Governmental funds generally are exempt from the payment of sales tax on qualifying purchases. Respective tax agencies should always be contacted concerning tax exemptions and payments. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

CLARK-FLOYD COUNTIES CONVENTION AND TOURISM BUREAU  
EXIT CONFERENCE

The contents of this report were discussed on January 8, 2009, with James Keith, Executive Director; William Stewart, Treasurer; and James Becker, President of the Board.